



**CHAIRMAN**

Sri. N. GOPALARATNAM

**DIRECTORS**

Sri. R. VAIDYANATHAN

Sri. A.L. SOMAYAJI

CMDE R.P. PREM KUMAR, VSM, (Retd.)

Smt. D. VIJAYALAKSHMI, Nominee of LIC

**MANAGING DIRECTOR**

Sri. S. SRIDHARAN

**SECRETARY**

Sri. S.V. RAJU

**AUDITORS**

M/s. R. SUBRAMANIAN AND COMPANY, Chennai

**INTERNAL AUDITORS**

M/s. MAHARAJ N.R. SURESH & CO., Chennai

**BANKERS**

UCO BANK

CANARA BANK

INDIAN BANK

**REGISTERED OFFICE**

"Esvin House", Perungudi,  
Chennai - 600 096.

**PLANT**

Pakkudi Road, Mathur - 622 515  
Pudukkottai District.

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## NOTICE TO THE SHAREHOLDERS

**N**otice is hereby given that the 49<sup>th</sup> Annual General Meeting of HIGH ENERGY BATTERIES (INDIA) LIMITED will be held at 10.30 AM on Thursday, the 22<sup>nd</sup> July 2010 at Hotel NEW WOODLANDS 72-75 Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Auditors' Report and Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010.
2. To elect Directors:
  - a) To appoint a Director in the place of Sri. N Gopalaratnam, who retires by rotation and being eligible, offers himself for re-election.
  - b) To appoint a Director in the place of Smt. D. Vijayalakshmi, Nominee of LIC, who retires by rotation and being eligible, offers herself for re-election.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration. M/s. R Subramanian and Company, Chennai, the retiring Auditors are eligible for reappointment.

(By Order of the Board)  
for HIGH ENERGY BATTERIES (INDIA) LIMITED

**S.V. RAJU**  
Secretary

Chennai  
May 29, 2010

### NOTES

- A. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote on poll instead of himself and such proxy need not be a member of the Company.
- B. Proxies in order to be effective, must be received at the Registered Office of the Company not later than 48 hours before the meeting i.e., 10.30 AM on 20<sup>th</sup> July 2010.
- C. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, the 17<sup>th</sup> July 2010 to Thursday, the 22<sup>nd</sup> July 2010 both days inclusive.
- D. Members holding shares in Physical Form are requested to notify promptly any change in their address to the Registrar and Share Transfer Agent of the Company, M/s. Cameo Corporate Services Limited, Chennai - 600002 by quoting their Membership Number. Members holding shares in Electronic Form may communicate the above information to their respective Depository Participants.
- E. Members are requested to bring the attendance slips duly filled in along with their copies of Annual Reports to the Meeting.
- F. Members holding shares in Demat form are requested to bring in their details of DP ID and Client ID for ease of identification and recording of attendance at the meeting.

**Appointment / Reappointment of Directors :**

Details on Directors seeking appointment/reappointment are furnished hereunder:-

Name of Director	Date of Birth	Date of First appointment	Expertise in specific functional areas	Qualification	Directorships in other companies (excluding foreign companies)	Committee/ Executive positions held in other companies
<b>REAPPOINTMENT</b>						
Sri. N. Gopalaratnam	15.04.1947	06.06.1991	Long and varied experience in management of projects, operations and overall management of diverse industries engaged in Pulp, Paper, Sugar and Batteries.	B.Sc., B.E., (Mechanical Engg.)	<b>Chairman and Managing Director</b> Seshasayee Paper and Boards Ltd.  <b>Chairman</b> Ponnal Sugars (Erode) Ltd. SPB Projects and Consultancy Ltd. Esvi International (Engineers & Exporters) Ltd. Time Square Investments Pvt. Ltd.	<b>Chairman</b> Securities Transactions cum Investor Grievance Committee and Finance Committee in Ponnal Sugars (Erode) Ltd.  <b>Member</b> Share Transfer & Shareholders/ Investors Grievance Committee, and Project Committee in Seshasayee Paper and Boards Ltd.  <b>Remuneration</b> Committee in Ponnal Sugars (Erode) Ltd.
Smt. D Vijayalakshmi	01.06.1953	09.06.2007	Held varied administrative positions in LIC	M.A. (Economics)		



## DIRECTORS' REPORT TO THE MEMBERS

**Y**our Directors have pleasure in presenting the 49<sup>th</sup> Annual Report together with the Balance Sheet and the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010.

### OPERATING RESULTS

The Company's financial performance under review is summarised below:

	(Rs. in lakhs)			
	For the year Ended			
	2009 - 2010		2008 - 2009	
Sales (Net of Excise Duty and VAT/Sales Tax)		2744.04		2416.80
PROFIT before interest depreciation and tax		169.66		364.71
<b>Less:</b>				
1. Interest	304.12		148.16	
2. Depreciation	139.95	444.07	57.59	205.75
PROFIT / (LOSS) BEFORE TAX		(274.41)		158.96
<b>Less:</b>				
Provision for Taxation Current (including Wealth Tax & Fringe Benefit Tax)	0.36		8.32	
Deferred Tax	(93.97)	(93.61)	53.40	61.72
<b>NET PROFIT/ (LOSS)</b>		(180.80)		97.24

Despite an increase in the overall sales at Rs.2744.04 lakhs (net of Excise Duty and VAT and Sales Tax) compared to Rs.2416.80 lakhs on year-on-year basis, profit before interest, depreciation and tax has more than halved to Rs.169.66 lakhs for the year under review.

Spiralling costs of almost all the inputs used in the manufacture of Silver Zinc / NiCd products coupled with extremely competitive prices of your Company's products had resulted in deep erosion of margins and profitability.

The Company also had to bear the burden of higher interest and financing charges (Rs.155.96 lakhs) and higher provision for depreciation (Rs. 82.36 lakhs) arising out of commissioning of Lead Acid Battery (LAB) plant during the year.

### DIVIDEND

As the Company has incurred a loss, the Directors regret their inability to recommend any Dividend for the year under review.

### PERFORMANCE HIGHLIGHTS

#### SILVER ZINC BATTERIES

The Company recorded a turnover of Rs. 2274.15 Lakhs during this year as against Rs. 2169.00 Lakhs during the previous year, registering an increase of 4.85%. However, as stated earlier, margins were under deep stress.

#### NICKEL CADMIUM BATTERIES

The turnover was Rs.435.58 Lakhs compared to Rs.132.00 Lakhs during the last year. In the back drop of stiff competition experienced in securing orders from local sources, export orders for supply of Aircraft Batteries significantly contributed to the increase in turnover compared to last year. However, due to steep increase in the cost of imported materials, margins were again under stress.

#### LEAD ACID BATTERIES

Lead Acid Batteries for all ranges of Passenger cum Light Commercial Vehicle (LCV) sectors ranging from 32 Ah to 80 Ah were manufactured and Customer Feedback /Field Evaluation Reports are quite encouraging.

However due to intense competition from well established players in this field, sales is yet to show appreciable volume. The turnover for

**DIRECTORS' REPORT TO THE MEMBERS (Continued)**

the year has therefore been low at Rs. 31.12 lakhs.

VRLA (Valve Regulated Lead Acid) Batteries, 26 Ah & 65 Ah types have been developed for mid-range online UPS (Uninterrupted Power Supply). Based on the satisfactory customer evaluation reports, the business for VRLA types is expected to be in place by end of September 2010.

**Fuel Cell**

Continued production of stacks for Fuel Cells has been kept in abeyance on account of modification needed in the process and requirement of additional machinery for undertaking manufacture of large size electrodes.

**CURRENT YEAR - 2010-11**

Alive to the problems of operating in a highly competitive and challenging market environment, the company is in the process of strengthening its marketing and distribution set up for improving the off take of LAB products. With this initiative, the company hopes to report better results in the coming year.

Simultaneously efforts have also been undertaken to secure orders for the Silver Zinc and NiCd products with better margins.

Considering the orders on hand and orders expected to be received both from domestic and overseas markets, the company hopes to achieve better performance, both in terms of turnover and profits.

**FINANCE**

During the year under review, the company secured sanction for a short term loan of Rs. 150 lakhs for meeting the working capital requirements. Repayment of Inter Corporate Deposit of Rs. 100 lakhs was made during this year. The company also availed the entire term

loan of Rs 1000 lakhs sanctioned by the bankers for LAB project. The bankers, at the request of the company, rescheduled the repayment terms of the term loan.

**ISO SYSTEMS**

The company has upgraded to ISO 9001:2008 certification and continues to be certified under ISO 14001:2004.

**RIGHTS ISSUE**

The issue was over subscribed. The allotment of shares was completed and the shares have also been listed on the Bombay Stock Exchange (BSE).

**RESEARCH AND DEVELOPMENT**

Development of new types of Silver Zinc batteries for advanced missile applications was taken up and the same was demonstrated successfully, to the satisfaction of the customer.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors in terms of Section 217(2AA) of the Companies Act, 1956 confirm that:

- (i) all applicable accounting standards have been followed in the preparation of the annual accounts;
- (ii) the Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as of 31<sup>st</sup> March 2010 and of the Loss of the Company for year ended that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the latest provisions of the Act for



## DIRECTORS' REPORT TO THE MEMBERS (Continued)

safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and

- (iv) the annual accounts have been prepared on a "going concern" basis.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information regarding Conservation of Energy and Technology Absorption as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is given in Annexure I and forms part of this Report.

### EMPLOYEES

No employee of the Company was in receipt of remuneration in excess of the sum prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, during the financial year 2009-10.

### INDUSTRIAL RELATIONS

Industrial relations continued to be cordial.

### DIRECTORS

In accordance with Article 106 of the Articles of Association of the Company, Sri. N.Gopalaratnam and Smt. D. Vijayalakshmi Directors, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

### CORPORATE GOVERNANCE

Though the code of Corporate Governance is not applicable to the Company, utmost importance has been given to good Corporate Governance in all its activities.

A separate note on Corporate Governance is provided in Annexure II.

### AUDITORS

M/s. R Subramanian and Company, Chartered Accountants, Chennai, Auditors of the company retire at the conclusion of the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

Necessary Resolution for their appointment under Section 224 of the Companies Act, 1956 is being placed at the ensuing Annual General Meeting for this purpose.

### ACKNOWLEDGEMENT

Your Directors wish to express their sincere thanks to

- i) the Defence Services, DRDO Laboratories, ISRO and Ministry of Defence for the whole-hearted support and encouragement received from them for indigenisation efforts on sophisticated high energy batteries;
- ii) the Overseas customers, who have reposed utmost faith and confidence in our products;
- iii) the Bankers for their understanding, guidance and assistance and
- iv) to all the shareholders who have reposed faith in us, in our diversification efforts into Lead Acid Battery project.

(For the Board of Directors)

**N. GOPALARATNAM**  
Chairman

Chennai 600 034  
May 29, 2010

**DISCLOSURE IN TERMS OF SECTION 217(1)(e) OF THE COMPANIES  
(DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS)  
RULES, 1988.**

**A. CONSERVATION OF ENERGY**

The Company is not in the list of industries specified in the Schedule.

**B. TECHNOLOGY ABSORPTION**

**1. Research and Development  
(Totally in-house)**

- Development of High Rate Silver Oxide Zinc Batteries for under water propulsion in Primary and Secondary areas.
- Development of space quality High Rate Silver Zinc Cells.
- Development of Primary activated Reserve Type Silver Zinc Batteries for Aerospace applications.
- Development of Nickel Cadmium Batteries for communication sets.
- Development of Silver Chloride Magnesium sea water activated Batteries for sonobuoy application.
- Development of Fibre Technology Nickel Cadmium Batteries for Rail Road Standby power and UPS applications.
- Development of process for treatment of separator systems.
- Development of Nickel Metal Hydride Batteries.
- Development of Fuel Cell.
- Development of Cuprous Chloride Batteries.
- Development of Automotive & Valve Regulated Lead Acid batteries.
- Development of Nerve Agent Detector System.
- Development and production of catalyst.

**2. Benefits derived as a result of above R & D**

1. The batteries developed have eliminated imports in their respective categories and thus they have saved substantial foreign exchange outgo.
2. The batteries developed in-house were also exported and thus earned foreign exchange.
3. Upgradation of technology to match the advancement in developed countries.
4. Indigenisation and self reliance in the critical field of batteries for defence.
5. Diversification through commercialisation of Lead Acid Batteries.

**3. Future Plan of Action**

To continue Research and Development in the areas mentioned in Para B1.

**4. Expenditure on R & D during the year**

	<i>Rs. in lakhs</i>
Capital	1.80
Recurring	59.07
<b>Total</b>	<b>60.87</b>

**5. Technology Absorption and Adoption**  
During the year under review, no overseas technology was acquired.

**6. Foreign Exchange Earnings and Outgo**

a) Earnings	Rs.	774 lakhs
b) Outgo	Rs.	731 lakhs

(For the Board of Directors)

**N. GOPALARATNAM**  
Chairman

Chennai 600 034  
May 29, 2010



**Annexure II****ANNEXURE TO THE DIRECTORS' REPORT  
REPORT ON CORPORATE GOVERNANCE****Company's philosophy on Corporate Governance**

Corporate Governance includes, among other things, apart from compliance with various legal requirements, inculcating a sense of integrity and responsibility in all aspects, not only among the members of the Board of Directors, but amongst the people in all levels of the organization. Only such a culture which results from voluntary compliance at all levels and amongst all ranks of employees, that is built and sustained over a period of time, can result in compliance that is true to the spirit of law, and not just its letter.

Furthermore, such a corporate governance

culture will help in constantly reminding the management that they are, but only, trustees of shareholders' capital. Like in any other aspect in the company form of business, the Board is the core of the Corporate Governance philosophy, with the responsibility to ensure that the management serves and protects the best and long term interests of all the stakeholders.

**Board of Directors**

The Board of Directors consists of 6 Directors, of whom only the Managing Director is in whole time employment of the Company. All other Directors are Non-Executive Directors of the Company.

**Number of Board Meetings and Directors' Attendance Record**

Name of Director	Date of Initial Appointment	Category	Attendance at Board Meetings during 2009 - 2010		As on 31 <sup>st</sup> March 2010 (Including HEB)			Attendance at last AGM
			No. of Meetings	%	No. of Director-ships	Committee Position		
						As Chairman	As Member	
Sri. N. Gopalaratnam	06-06-1991	Non-Executive Chairman, Promoter	5	100	6	5	4	YES
Sri. S. Sridharan	01-04-2002	Managing Director	5	100	1	-	3	YES
Sri. R. Vaidyanathan	27-09-1961	Promoter	5	100	2	1	2	YES
Sri. A.L. Somayaji	23-03-2002	Independent	4	80	3	-	-	NO
Commodore F.P. Prem Kumar (Retd.)	08-06-2002	Independent	5	100	1	-	2	YES
Smt. D. Vijayalakshmi	23-03-2007	Nominee of Life Insurance Corporation of India - Independent	5	100	1	-	1	YES

**Board Meetings**

During the year 2009-10, 5 Board Meetings were held on 06.06.2009, 18.07.2009, 24.10.2009, 23.01.2010 and 27.03.2010. The last Annual General Meeting was held on 18.07.2009.

**Audit Committee**

The code of Corporate Governance is not applicable to our Company. Hence, the Company has not constituted any Audit Committee. The Board and the Managing Director deal directly with the Statutory and Internal Auditors and take appropriate decisions.

**Shareholders / Investors**

**Grievance Committee**

The Shareholders/Investors Grievance Committee was constituted on 30.07.2001, immediately upon inclusion/amendment to Clause 49 of the Listing Agreement with the Stock Exchanges. The Committee's role and responsibilities are to expeditiously process transfers, transpositions, transmissions, subdivisions and consolidation of securities complying with SEBI Regulations and Listing requirements and redressal of investors' grievances. Further, to ensure speedy processing of regular securities transactions pertaining to small investors, the Board has delegated powers to the Managing Director and the Secretary.

The Committee comprises of 3 Directors. The Chairman of the Committee is a non-executive Director. The Committee met 5 times during the previous year on 06.06.2009, 18.07.2009, 24.10.2009, 23.01.2010 and 27.03.2010.

Details of its composition and attendance are given hereunder:-

Name of Member	Status	Attendance at Meetings	
		No.	%
Sri. N. Gopalaratnam	Chairman	5	100
Sri. S. Sridharan	Member	5	100
Sri. R. Vaidyanathan	Member	5	100

**Project Steering Committee:**

The Project Steering Committee was constituted on 19.01.2007. The Committee has successfully completed its role for implementation of Lead Acid Battery Project during the year under review.

The Committee comprises of 3 Directors. The Chairman of the Committee is a non-executive Director. The Committee met 2 times last year on 16.05.2009 and 14.07.2009. Details of its composition and attendance are given hereunder:-

Name of Member	Status	Attendance at Meetings	
		No.	%
Sri. N. Gopalaratnam	Chairman	2	100
Sri. S. Sridharan	Member	2	100
CMDER.P. Premkumar	Member	2	100

**Remuneration Committee**

The Remuneration Committee comprises of 3 Non-Executive and Independent Directors. The Remuneration Committee is vested with all the necessary powers and authority to ensure remuneration of whole-time Director(s) is within the limits prescribed under Schedule XIII to the Companies Act, 1956.

**Rights Issue Committee**

The Rights Issue Committee was constituted



on 13.12.2008. The Committee has successfully completed its task during the year under review. The Committee comprises of 3 Directors. The Chairman of the Committee is a non-executive Director. The Committee met 2 times during the previous year on 24.04.2009 and 18.06.2009.

Details of its composition and attendance are given hereunder:-

Name of Member	Status	Attendance at Meetings	
		No.	%
Sri. N.Gopalarathnam	Chairman	1	50
Sri. S.Sridharan	Member	2	100
Sri. R.Vaidyanathan	Member	1	50

#### Committee Minutes

The minutes of the Committee Meetings are prepared by the Secretary, approved by the Chairman of the Meeting and the same are circulated to the Board in the succeeding meeting and recorded thereat.

#### Remuneration of Directors

The details of remuneration paid to non-executive Directors during the year by way of sitting fee for attending the Board/Committee Meetings are as under:-

Director	Amount in Rupees		
	Sitting Fee for		Total
	Board Meeting	Committee Meeting*	
Sri. N. Gopalarathnam	15000	24000	39000
Sri. R.Vaidyanathan	15000	18000	33000
Sri. A.L.Somayaji	12000	Nil	12000
Comdr. R.P. Prem Kumar	15000	6000	21000
Smt. D.Vijayalakshmi Nominee of LIC	15000	Nil	15000

- \* Shareholders /Investors Grievance Committee Meetings, Project Steering Committee Meetings and Rights Issue Committee Meetings.

#### Disclosures

Materially significant related party transactions having potential conflict with the interest of the Company at large;

None

Details of non-compliances, penalties, strictures by Stock Exchanges/ SEBI/ Statutory Authorities on any matter related to capital markets during the last three years;

None.

Pecuniary relationship or transactions with the non-executive Directors;

None

#### MEANS OF COMMUNICATION

##### Audited Financial Results

Period	Date of Approval by Board	Date of Publication	Newspaper
Quarter ended 30 <sup>th</sup> June, 2009	18.07.2009	20.07.2009	Business Line and Makkal Kural
Quarter ended 30 <sup>th</sup> September, 2009	24.10.2009	26.10.2009	Business Line and Makkal Kural
Quarter ended 31 <sup>st</sup> December, 2009	29.01.2010	25.01.2010	Business Line and Makkal Kural
Year ended 31 <sup>st</sup> March, 2010	29.05.2010	31.05.2010	Business Line and Makkal Kural

The Company will continue to publish financial results in newspapers in future. Copies of results will be furnished to individual members and others on request.

The results published also show, as a footnote, relevant additional information and/or disclosures to the Investors.

**Others**

Management Discussion and Analysis is made a part of the Annual Report and covered in the Directors' Report.

The Company operates in;

- (a) Aerospace, Naval & Power System Batteries and
- (b) Lead Acid Storage Battery segments.

Segment-wise results is reported in Schedule 17 - Notes on accounts under item 13.

**General Shareholder Information**

Provided in the "Shareholder Information" section of the Annual Report.

**Compliance Certificate of the Auditors**

Not Applicable

**Shareholder Information**

**AGM Details**

Date and Time	22 <sup>nd</sup> July, 2010, 10.30 A.M.
Venue	New Woodlands Hotel Pvt. Ltd., 72-75, Dr. Radhakrishnan Salai, Chennai - 600 004.
Book Closure	Saturday, the 17 <sup>th</sup> July, 2010 to Thursday the 22 <sup>nd</sup> July, 2010 (Both days inclusive)

**Listing**

Name & Address	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001 Phone : 022 - 2272 1233 2272 1234 Fax : 022 - 2272 1919 E-mail : <a href="mailto:corprelations@bseindia.com">corprelations@bseindia.com</a> Website : <a href="http://www.bseindia.com">www.bseindia.com</a>
Listed from	May 1962
Stock Code	504176

The Listing Fee for the financial year 2010-11 has been paid to the above Stock Exchange.

**Dematerialisation**

The Equity Shares of the Company are traded in compulsory demat form and are available for trading under both the Depository Systems in India, namely, NSDL and CDSL. Its International Securities Identification Number (ISIN) is **INE783E01015**. The details of dematerialised and physical holding as on 31<sup>st</sup> March 2010 are furnished hereunder.

Mode of holding	Shareholders		Equity Shares	
	No.	%	No.	%
Physical	388	19.65	83163	4.64
Demat	1587	80.35	1709605	95.36
Total	1975	100.00	1792768	100.00

**Registrar and Share Transfer Agent**

For Physical and Demat Forms:

Cameo Corporate Services Ltd.  
"Subramanian Building", 5<sup>th</sup> Floor  
1, Club House Road, Chennai 600 002  
Phone : 044-28460390(5 Lines)  
Fax : 044-28460129  
E-mail : [investor@cameoindia.com](mailto:investor@cameoindia.com)

Shareholders holding shares in electronic form shall address their correspondence to their respective Depository Participants.

**Compliance Officer**

Sri S V Raju, Secretary of the Company is the Compliance Officer under SEBI (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 and under Clause 47 of the Listing Agreement with Stock Exchanges.

**Transfer System**

Powers are delegated to the Managing Director and Secretary to deal with regular transactions in securities of small investors, while other



cases are decided by the Shareholders/ Investors Grievance Committee. Investor requests are attended to within 7-15 days from the date of receipt. Facility of simultaneous transfer and dematerialisation of shares is provided to the shareholders. There were no shares pending for transfer as on 31<sup>st</sup> March 2010.

M/s Cameo Corporate Services Ltd., have been appointed as RTA for shares held both in physical and electronic forms, and services for the transfer and dematerialisation of shares is provided to the shareholders through the RTA.

#### Share Quotes

High, low in prices and volume of trading during each month in the last financial year are as follows: (as reported by the "Bombay Stock Exchange Limited").

Month	High	Low	Volume
	Rs. P.	Rs. P.	No. of Shares
April 2009	116.00	92.70	7715
May 2009	124.30	92.75	244803
June 2009	139.85	99.00	202457
July 2009	134.20	97.10	79722
August 2009	121.00	100.20	58887
September 2009	134.00	111.50	84809
October 2009	152.00	103.70	220286
November 2009	128.00	100.65	20167
December 2009	135.90	100.00	63197
January 2010	139.00	106.00	56686
February 2010	125.00	104.10	25288
March 2010	128.00	102.20	68468
		Total	1112435

#### Shareholder Complaints

The Company has created a mail address [secraju@highenergyLtd.com](mailto:secraju@highenergyLtd.com) exclusively for the purpose of addressing to, complaints, if any, from investors. Investors can mail any of their grievances to the above mentioned e-mail address.

Particulars of complaints received during 2009-10;

Complaints from	Received	Redressed
Shareholders / Investors	1	1
Depositories / DPs	-	-
SEBI	1	1
Department of Company Affairs / Registrar of Companies	-	-
Stock Exchanges	-	-
<b>Total</b>	<b>2</b>	<b>2</b>

#### Distribution of Shareholding as on 31.03.2010

Slab	No. Shareholders		No. of Equity Shares	
	Total	%	Total	%
1-500	1728	87.48	198921	11.10
501-1000	135	6.84	102134	5.70
1001-2000	48	2.43	71849	4.01
2001-3000	18	0.91	44916	2.51
3001-4000	9	0.46	33135	1.85
4001-5000	3	0.15	14000	0.78
5001-10000	10	0.51	72572	4.04
Above 10000	24	1.21	1255241	70.01
	<b>1975</b>	<b>100.00</b>	<b>1792768</b>	<b>100.00</b>

**Shareholding Pattern**

Category	No. of Equity Shares	%
Promoters	729931	40.72
Fis and Banks	239100	13.33
Insurance Companies	20000	1.12
Other Corporate Bodies	99072	5.53
Cleaving Members	1243	0.07
Hindu Undivided Families	20428	1.14
NRI - Non-Promoter	3451	0.19
Public	679543	37.90
<b>Total</b>	<b>1792768</b>	<b>100.00</b>

**Note :** Out of above, Non Resident Indians/ Overseas Corporate Bodies hold 83451 shares constituting 4.65%.

**Plant**

Location:

Pakkudi Road,  
Mathur Industrial Estate, Mathur 622 515,  
Pudukkottai District, Tamilnadu, India  
Phone : 0431-2660314, 2660323, 2660324  
Fax : 04339-250516  
Email : info@highenergyltd.com  
Website : www.highenergyltd.com

No. of Employees : 150

**Particulars of past 3 AGMs**

AGM	Year	Venue	Date	Time
46 <sup>th</sup>	2006-2007	Hotel New Woodlands, 72-75, Dr. Radhekrishnan Salai, Mylapore, Chennai 600 004	26.07.2007	11.00 AM
47 <sup>th</sup>	2007-2008	- do -	24.07.2008	10.30 AM
48 <sup>th</sup>	2008-2009	- do -	18.07.2009	11.00 AM

No Extraordinary General Meeting of the Company was held during the year.

**Postal Ballot**

No Special Resolution was required to be passed by postal ballot at the last AGM nor is being proposed at the ensuing AGM.

**Nomination facility**

Shareholders holding shares in physical form and desirous of making a nomination in terms of section 109A of the Companies Act, 1956 are requested to submit to the Company the prescribed Form 2B which can be had, on request, from the Company.

**Unclaimed Dividends**

Under the Companies Act 1956, dividends that are unclaimed for a period of seven years get transferred to the "Investor Education and Protection Fund" administrated by the Central Government statutorily. The following table gives the dates of Declaration of Dividend and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government.

Financial Year	Date of Declaration	Due date for Transfer
2002-2003	30.07.2003	03.08.2010
2003-2004	28.07.2004	01.08.2011
2004-2005	21.07.2005	25.07.2012
2005-2006	21.07.2006	25.07.2013
2006-2007	25.07.2007	30.07.2014
2007-2008	24.07.2008	28.07.2015
2008-2009	18.07.2009	22.07.2016

**Secretarial Audit**

**Reports/Certificates to Stock Exchanges**

Description	Frequency	For the Quarter ended	Furnished on
Secretarial Audit Report to Stock Exchanges on reconciliation of the total admitted Capital with NSDL/ CDSL and the total issued & Listed Capital	Quarterly	30.06.2009	04.07.2009
		30.09.2009	19.10.2009
		31.12.2009	09.01.2010
		31.03.2010	12.04.2010

**M/s. R. SUBRAMANIAN AND COMPANY**  
Chartered Accountants

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS  
OF HIGH ENERGY BATTERIES (INDIA) LIMITED**

We have audited the attached Balance Sheet of M/s. HIGH ENERGY BATTERIES (INDIA) LIMITED for the year ended 31st March 2010 and also the Profit & Loss account and Cash Flow statements for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our Audit.

In our opinion proper Books of Account, as required by law have been kept by the Company so far as appears from our examination of those books.

The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the Books of Account.

In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow statement dealt

with by this Report comply with the Accounting Standards, referred to in Sec 211 (3C) of the Companies Act, 1956.

On the basis of written representations received from the Directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010, from being appointed as a Director in terms of Clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, read together with the Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles, generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company, as at 31st March, 2010; and
- b) In the case of the Profit and Loss Account, of the LOSS for the financial year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we have further to report as under:

- i. The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets. These Fixed Assets have been physically verified by the Management on

a regular programme, which in our opinion is reasonable having regard to the size of the Company and nature of its Assets. No significant discrepancies were noticed on such verification. No significant fixed assets have been disposed off during the year.

- ii. The stock of Finished Goods, stores and spare parts and raw materials except stock lying with third parties, for which confirmation have been sought for, have been physically verified during the year by the Management. In our opinion, the frequency and procedure of physical verification is reasonable and adequate in relation to the size of the Company and the nature of its business. The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not significant, and the same have been properly dealt with in the Books of Account.
- iii. (a) The Company has not granted any loans, secured / unsecured to companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act 1956.
- (b) The Company has taken unsecured loans aggregating to Rs 150 lakhs from two companies listed in the register maintained under Section 301 of the Companies Act 1956. The terms of such loans are not prima facie prejudicial to the interest of the Company. The company has repaid Rs 100 lakhs during the year and a sum of Rs 50 lakhs was outstanding at the end of the year. Maximum amount outstanding at any time during the year was Rs 150 lakhs.
- iv. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. Based on audit procedures applied by us and according to the information and explanations provided by the Management, the transactions that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained by Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public and consequently, the provisions of Section 58A and 58AA and any other relevant provisions of the Companies Act, 1956 are not attracted.
- vii. The Company has an Internal Audit System commensurate with the size and nature of its business.
- viii. The Central Government has prescribed maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956 in respect of Lead Acid Batteries manufactured by the Company. However we have not carried out detailed examination of such records.
- ix. (a) On the basis of our examination of the Books of Account, the Company has been regular in depositing with appropriate authorities undisputed statutory dues including Employees Provident Fund, Employees' State



Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Wealth Tax, cess and Investor Education and Protection Fund and other material statutory dues.

- (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Cess and Customs Duty that have not been deposited with the appropriate authorities for more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of, Income Tax, Service Tax, Sales Tax, Customs Duty, Cess, Wealth Tax and Excise Duty that have not been deposited with the appropriate authorities on account of any dispute.
- x. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year immediately preceding this financial year. However the company has incurred cash losses in the current financial year.
- xi. Based on our audit procedures and on the basis of information and explanations given by the Management, the Company has not defaulted in repayment of dues to banks and financial institutions. The Company has not issued any debentures.
- xii. Based on our examination of documents and records, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund, nidhi, mutual benefit fund or a society.
- xiv. The Company is not dealing or trading in shares, securities, debentures and other investments.
- xv. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. The company has availed the balance term loans sanctioned during the earlier year. The term loan availed during the year have been applied for the purpose for which they were sanctioned.
- xvii. According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that funds raised on short term basis have not been used for long term investment.
- xviii. The Company has issued shares on rights basis to the existing shareholders and shares have been allotted to parties/ companies covered in the register maintained under section 301 of the Companies Act, 1956. The terms of such issue are not prima facie prejudicial to the interest of the Company.
- xix. During the period covered by our audit report, the Company has not issued any debentures.
- xx. The Company has not raised any money by public issue during the year.
- xxi. Based on audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For M/s. R. SUBRAMANIAN AND COMPANY**  
Chartered Accountants  
Firm Registration No. 004137S

**A. GANESAN**  
Partner

Membership No. 21438

Chennai  
May 29, 2010



**BALANCE SHEET AS AT 31st MARCH, 2010**

	SCHEDULE No	AS AT 31-03-2010		AS AT 31-03-2009	
		Rs.	Rs.	Rs.	Rs.
<b>1 SOURCES OF FUNDS</b>					
<b>Share Holders' Funds</b>					
Share Capital	1	1 79 27 680		89 63 840	
Reserves & Surplus	2	16 46 46 819		10 42 90 805	
			18 24 74 499		11 32 54 645
<b>Loan Funds</b>					
Secured Loans	3	25 95 28 739		29 22 18 740	
Unsecured Loans - From Others		50 00 000		1 50 00 000	
Deferred Tax Liability (Net) (Note 4 of Sch - 17)		1 05 94 534		1 99 91 802	
			45 75 97 772		44 04 65 187
<b>2 APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>	4				
Gross Block		35 53 78 860		16 18 36 318	
Less : Depreciation		11 69 71 907		10 30 70 329	
Net Block		23 84 06 953		5 87 65 989	
Capital Work in Progress		- 23 84 06 953		14 70 68 840	20 58 34 829
<b>Investments</b>	5		60 33 333		60 33 333
<b>Current Assets, Loans and Advances</b>					
Inventories	6	17 26 02 858		18 95 82 313	
Sundry Debtors	7	8 53 80 588		9 66 53 459	
Cash & Bank Balances	8	57 22 902		10 80 798	
Loans and Advances	9	4 15 73 008		3 53 01 162	
	(A)	30 52 79 356		32 26 17 732	
<b>Less :Current Liabilities and Provisions</b>					
Liabilities	10	9 21 21 870		9 03 50 171	
Provisions				36 70 536	
	(B)	9 21 21 870		9 40 20 707	
<b>NET CURRENT ASSETS (A-B)</b>			21 31 57 486		22 85 97 025
	<b>TOTAL</b>		<b>45 75 97 772</b>		<b>44 04 65 187</b>

Note: Schedules 1 to 10 and Notes in Schedule 17 form part of this Balance Sheet.

S. SRIDHARAN  
Managing Director

N. GOPALARATNAM  
D. VIJAYALAKSHMI

A.L. SOMAYAJI  
CMDE R. P. PREM KUMAR, VSM (Retd.)  
Directors

Vide our Report of even date attached  
For M/s. R. SUBRAMANIAN AND COMPANY  
Chartered Accountants  
Firm Registration No. 0041378

S.V. RAJU  
Secretary

Chennai  
May 29, 2010

A. GANESAN  
Partner  
Membership No.21438

# HIGH ENERGY

BATTERIES (INDIA) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010			
	SCHEDULE No	31-03-2010	31-03-2009
		Rs.	Rs.
<b>Income</b>			
Sales (Gross)	29 50 64 341		25 19 63 491
Less: Excise Duty	13 06 103		10 72 664
Sales Tax Paid	1 93 54 345	27 44 03 893	92 10 906 24 16 79 921
Other income	11	28 25 037	26 94 528
Increase/ (Decrease) in Stock	12	52 19 835	(1 03 56 024)
		<u>28 24 48 765</u>	<u>23 40 18 425</u>
<b>Expenditure</b>			
Materials Consumed		15 81 19 780	9 37 52 728
Consumption of Stores, Spares & Tools		57 49 502	59 76 186
Power and Fuel		93 63 260	74 06 538
Employees Cost	13	3 99 01 884	3 75 64 821
Repairs and Maintenance	14	44 39 605	47 81 592
Selling Expenses		1 03 06 984	62 31 368
Interest Charges	15	3 04 11 935	1 48 15 804
Expenditure on Scientific Research		59 06 732	87 45 002
Other Expenses	16	3 16 94 788	3 50 89 308
Depreciation		1 39 94 800	57 59 229
		<u>30 98 89 271</u>	<u>21 81 22 376</u>
<b>Profit / (Loss) Before Tax</b>		<b>(2 74 40 506)</b>	<b>1 58 96 049</b>
Note: Schedules 11 to 16 and Notes in Schedule 17 form part of this Profit and Loss Account.			
<b>S. SRIDHARAN</b> Managing Director	<b>N. GOPALAKRISHNAN</b> <b>D. VIJAYALAKSHMI</b>	<b>A. L. SOMAYAJI</b> <b>CHIDRE R. P. PREM KUMAR, VSM (Retd.)</b> Directors	Vide our Report of even date attached For <b>M/s. R. SUBRAMANIAN AND COMPANY</b> Chartered Accountants Firm Registration No. 0041375  <b>A. GANESAN</b> Partner Membership No. 21438
<b>S.V. RAJU</b> Secretary  Chennai May 29, 2010			

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010 (Continued)**

	Sch No	31-03-2010	31-03-2009
		Rs.	Rs.
<b>Profit / (Loss) before Tax</b>		<b>(2 74 40 508)</b>	<b>1 58 96 049</b>
Provision for Taxation			
Minimum Alternate Tax (MAT) Payable	-	16 41 000	
MAT Credit Entitlement	-	14 48 000	1 93 000
Wealth Tax		36 100	36 600
Deferred Tax		(93 97 268)	53 40 000
Fringe Benefit Tax		-	9 50 000
Excess Provision for Tax written back		-	(3 48 041)
<b>Profit / (Loss) after Tax</b>		<b>(1 80 79 338)</b>	<b>97 24 490</b>
<i>Add: Surplus from last year</i>		<b>75 90 805</b>	<b>35 36 851</b>
<b>BALANCE OF PROFIT / (LOSS)</b>		<b>(1 04 88 533)</b>	<b>1 32 61 341</b>
<b>APPROPRIATION</b>			
Transfer to General Reserve (Including Compulsory Transfer to Reserve required u/s 205(2A) of the Companies Act 1956)		-	20 00 000
Proposed Dividend on Equity Shares Nil (Previous year @ 35%)		-	31 37 344
Tax on Proposed Dividend		-	5 33 192
<b>SURPLUS / (DEFICIT) CARRIED FORWARD</b>		<b>(1 04 88 533)</b>	<b>75 90 805</b>
		<b>(1 04 88 533)</b>	<b>1 32 61 341</b>
<b>Note:</b>			
1. Weighted Average Number of Equity Shares of Rs 10/- each		<b>16 29 945</b>	<b>10 30 842</b>
Basic & Diluted Earnings per Share including effects of Rights Issue		<b>(11.09)</b>	<b>9.43</b>
2. Schedules 11 to 16 and Notes in Schedule 17 form part of this Profit and Loss Account.			
<b>S. SRIDHARAN</b> Managing Director	<b>N. GOPALARATNAM</b> D. VIJAYALAKSHMI	<b>A.L. SOMAYAJI</b> CMDE R. P. PREM KUMAR, VSM (Retd.)	Vide our Report of even date attached For M/s. R. SUBRAMANIAN AND COMPANY Chartered Accountants Firm Registration No. 0041376
<b>S.V. RAJU</b> Secretary	Directors		<b>A. GANESAN</b> Partner Membership No.21438
Chennai May 29, 2010			

## SCHEDULES TO BALANCE SHEET AS AT 31st MARCH, 2010.

		AS AT 31-03-2010		AS AT 31-03-2009
SCHEDULE 1	Rs.	Rs.	Rs.	Rs.
<b>SHARE CAPITAL</b>				
<b>Authorised</b>				
75 00 000 equity shares of Rs. 10/- each		7 50 00 000		7 50 00 000
		7 50 00 000		7 50 00 000
<b>Issued, Subscribed and Paid-up</b>				
17 92 768 equity shares of Rs. 10/- each fully paid-up		1 79 27 680		89 63 840
(Previous year 896384 shares of Rs. 10/- each fully paid up)				
[Of the above				
1. 1 99 359	Shares of Rs. 10/- each were allotted as fully paid-up pursuant to a contract, without payment being received in cash.			
2. 4 47 192	Shares of Rs. 10/- each were allotted as fully paid bonus shares by capitalisation of part of general reserve.			
3. 8 96 384	Shares of Rs 10/- each were allotted on Rights Basis to the existing share holders during the current year.]			
<b>SCHEDULE 2</b>				
<b>RESERVES AND SURPLUS</b>				
<b>Preference Share Capital Redemption Reserve</b>				
As per last Balance Sheet		3 00 000		3 00 000
<b>Share Premium Account</b>				
Addition during the year	8 06 74 560			
Less : Capital Issue Expenses	23 39 208	7 83 35 352		
<b>General Reserve</b>				
As per last Balance Sheet	9 64 00 000			
<b>Less :</b>				
Debit Balance in Profit and Loss A/c	1 04 88 533	8 59 11 467		9 64 00 000
<b>Surplus</b>				
Balance in Profit & Loss Account		-		75 90 805
		16 45 46 819		10 42 90 805



<b>SCHEDULES TO BALANCE SHEET AS AT 31st MARCH, 2010 (Continued)</b>		
	<b>AS AT 31-03-2010</b>	<b>AS AT 31-03-2009</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
<b>From Banks</b>		
<b>1 Term Loan</b>	<b>10 14 44 981</b>	<b>16 82 02 683</b>
<b>Secured by</b>		
First charge on movable and immovable assets of the Lead Acid Battery Facility and Second charge on all other existing movable and immovable fixed assets of the Company		
<b>2 Working Capital Loan</b>	<b>15 80 83 758</b>	<b>12 40 16 057</b>
<b>Secured by</b>		
First Charge on inventories, book debts and other moveable assets of the Company and First Charge on all moveable and immovable fixed assets of the company other than those pertaining to Lead Acid Battery Facility and Second charge on moveable and immovable fixed assets of Lead Acid Battery Facility		
	<b><u>25 95 28 739</u></b>	<b><u>29 22 18 740</u></b>

**SCHEDULES TO BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2010 ( CONTINUED)**

(Amount in Rupees)													
SCHEDULE 4 FIXED ASSETS													
Description	Cost as on 01-Apr-09	Gross Block				Depreciation				Net Block			
		Additions	Pre-operative & Trial Production Expenses	Deductions	Cost as on 31-Mar-10	Upto 31-Mar-09	For the Year	Withdrawn	Upto 31-Mar-10	As at 31-Mar-10	As at 31-Mar-09		
Land	6845361	-	-	-	6845361	-	-	-	-	-	-	6845361	6845361
Building	36204395	36035413	6998429	-	83238237	25943213	4149877	-	30093080	53145147	-	12261182	53145147
Plant & Machinery	94462595	115984774	25073907	23380	234907296	57875536	8841036	22211	66194361	168712835	-	36587059	168712835
Electrical Installation	5738667	5934677	1490886	-	13164270	5014587	853486	-	5868053	7296217	-	724110	7296217
Office Equipment	13143595	746426	-	130689	13759182	11204644	537300	71011	11670933	2088249	-	1938951	2088249
Furniture & Library	2058098	22839	-	-	2080935	1874437	54818	-	1929355	151580	-	183659	151580
Vehicles	1383579	-	-	-	1383578	1157912	56203	-	1216115	167464	-	225667	167464
<b>TOTAL</b>	<b>161836318</b>	<b>158134129</b>	<b>35562632</b>	<b>154219</b>	<b>355378860</b>	<b>103070329</b>	<b>13994800</b>	<b>93222</b>	<b>116971907</b>	<b>238406953</b>	<b>90778</b>	<b>58765989</b>	<b>238406953</b>
Previous Year	<b>161643950</b>	<b>369147</b>		<b>90779</b>	<b>161836318</b>	<b>97401878</b>	<b>5759229</b>	<b>90778</b>	<b>103070329</b>	<b>58765969</b>		<b>64142072</b>	<b>58765969</b>



**SCHEDULES TO BALANCE SHEET AS AT 31st MARCH, 2010 (Continued)**

	AS AT 31-03-2010	AS AT 31-03-2009
	Rs.	Rs.
<b>SCHEDULE 4 (Continued)</b>		
<b>CAPITAL WORK IN PROGRESS</b>		
1 Building	3 53 68 206	2 60 82 094
2 Plant and Machinery	9 43 49 827	8 11 81 537
3 Effluent Treatment Plant	54 57 213	46 20 319
4 Electrical Installation	59 34 677	58 00 163
5 Office Equipment	4 29 994	4 02 825
6 Furniture and Fittings	11 088	9 400
7 Capital Stores Consumption	14 69 529	12 38 133
8 Advance to Suppliers	-	85 749
9 Pre-Operative Expenses	-	-
Materials Consumed	28 19 021	28 19 021
Consumption of Stores and Spares	1 63 703	1 63 703
Employee Cost		
- Salaries, Wages and Bonus	33 32 462	33 32 462
- Contribution to Provident Fund & Other Funds	2 12 805	2 12 805
- Welfare Expenses	2 88 045	2 88 045
Power and Fuel	6 18 070	6 18 070
Interest Charges	79 16 530	79 16 530
Other Expenses		
- Finance Charges	26 40 898	26 40 898
- Rent	42 000	42 000
- Rates and Taxes	1 21 055	1 21 055
- Insurance	2 32 702	2 32 702
- Postage, Telegrams and Telephones	1 41 263	1 41 263
- Travelling and Conveyance	32 73 280	32 73 280
- Auditor's Remuneration for Certification	1 00 000	1 00 000
- Professional & Legal Charges	7 69 047	7 69 047
- General expenses	3 83 798	3 83 798
- Capital Issue Expenses	23 39 208	4 39 800
	1 00 43 251	81 43 843
<b>(A)</b>	<b>16 84 14 421</b>	<b>14 29 14 699</b>



**SCHEDULES TO BALANCE SHEET AS AT 31st MARCH, 2010 (Continued)**

	AS AT 31-03-2010	AS AT 31-03-2009
	Rs.	Rs.
<b>CAPITAL WORK IN PROGRESS</b>		
10 Trial Production Expenses		
Materials Consumed	6 44 411	2 73 978
Consumption of Stores and Spares	91 019	-
Employee Cost		
- Salaries, Wages and Bonus	16 92 077	5 95 602
- Contribution to Provident Fund & Other Funds	96 567	35 963
- Welfare Expenses	1 52 320	57 269
Power and Fuel	7 85 429	2 55 146
Interest Charges	85 59 349	33 20 167
Other Expenses		
- Finance Charges	2 43 331	-
- Rent	6 000	4 000
- Rates and Taxes	22 710	22 710
- Insurance	1 60 654	66 486
- Postage, Telegrams and Telephones	35 112	2 746
- Travelling and Conveyance	2 51 828	-
- Professional & Legal Charges	30 000	-
- General expenses	2 19 480	33 199
	9 69 115	1 29 141
(i)	1 29 90 287	46 67 266
<b>Less :</b>		
Sales (Gross)	7 29 950	6 26 767
<b>Less :</b>		
- Excise Duty	51 007	44 002
- Sales Tax Paid	81 105	69 640
Other Income - Scrap Sales	8 02 980	-
	14 00 818	5 13 125
(ii)	14 00 818	5 13 125
<b>Sub Total (i) - (ii)</b>	<b>(B)</b> 1 15 89 469	41 54 141
<b>Total (A + B)</b>	<b>18 00 03 890</b>	<b>14 70 68 840</b>
<b>Less :</b>		
- Transfer to Fixed Assets	17 75 64 682	-
- Transfer to Share Premium Account	23 39 208	-
- Transfer to Profit and Loss Account - Auditors Remuneration - other services	1 00 000	-
	18 00 03 890	-
	-	14 70 68 840

**SCHEDULES TO BALANCE SHEET AS AT 31st MARCH, 2010 (Continued)**

	AS AT 31-03-2010	AS AT 31-03-2009	
	Rs.	Rs.	
<b>SCHEDULE 5</b>			
<b>INVESTMENTS</b>			
<b>Long Term Investments (Non - Trade) - At Cost</b>			
<b>I Quoted</b>			
2 80 382	Equity Shares of Rs. 10/- each in Ponni Sugars (Erode) Limited (Market Value Rs 2 97 06 473/-)	54 33 502	54 33 502
10 329	Equity shares of Rs. 10/- each in Seshasayee Paper and Boards Limited (Market Value Rs 18 96 921/-)	1 25 530	1 25 530
<b>II Unquoted</b>			
45 000	Equity shares of Rs.10/- each in SPB Projects and Consultancy Limited.	4 51 000	4 51 000
1 500	Equity shares of Rs. 10/- each in GPC Technologies Limited.	15 000	15 000
830	Equity shares of Rs. 10/- each in Esvin Advanced Technologies Limited.	8 301	8 301
	<b>Total</b>	<b>60 33 333</b>	<b>60 33 333</b>

- Note: 1. Aggregate cost of quoted investments Rs.55.59 lakhs (Previous year Rs. 55.59 lakhs)  
Market value - Rs.316.03/- lakhs (Previous year Rs.81.45 Lakhs)
2. Aggregate cost of unquoted investments Rs. 4.74 lakhs (Previous year Rs. 4.74 lakhs)

**SCHEDULES TO BALANCE SHEET AS AT 31st MARCH, 2010 (Continued)**

	AS AT 31-03-2010 Rs.	AS AT 31-03-2009 Rs.
<b>SCHEDULE 6</b>		
<b>INVENTORIES</b>		
1 Raw materials and Components	15 01 47 831	16 19 55 711
2 Stores, Spares & Tools	96 20 242	1 94 43 589
3 Work-in-Progress	1 11 35 035	81 83 013
4 Finished Goods	16 98 749	-
	<u>17 26 02 858</u>	<u>18 95 82 313</u>
<b>SCHEDULE 7</b>		
<b>SUNDRY DEBTORS</b>		
<b>Unsecured - considered Good</b>		
Exceeding Six months	80 38 435	91 35 460
Other Debts	7 73 42 153	8 75 17 999
<b>Total</b>	<u>8 53 80 588</u>	<u>9 66 53 459</u>
<b>SCHEDULE 8</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	1 10 878	1 57 881
<b>Balances with Scheduled Banks</b>		
Current accounts	10 12 701	4 33 566
Deposit Account	40 00 000	-
Unpaid dividend accounts	5 99 323	4 89 351
<b>Total</b>	<u>57 22 902</u>	<u>10 80 798</u>
<b>SCHEDULE 9</b>		
<b>LOANS AND ADVANCES</b>		
<b>Unsecured - considered good</b>		
Advances recoverable in cash or in kind or for value to be received	76 64 693	80 01 313
Deposits	42 31 496	32 53 471
Balances with Central Excise, Customs, etc	69 497	15 885
CENVAT / Service Tax / VAT Receivable	2 01 58 024	1 70 28 746
Tax payment pending adjustment (Net)	80 01 298	55 53 747
MAT Credit Entitlement	14 48 000	14 48 000
<b>Total</b>	<u>4 15 73 008</u>	<u>3 53 01 162</u>



**SCHEDULES TO BALANCE SHEET AS AT 31st MARCH, 2010 (Continued)**

	AS AT 31-03-2010 Rs.	AS AT 31-03-2009 Rs.
<b>SCHEDULE 10</b>		
<b>CURRENT LIABILITIES .</b>		
<b>A. Current Liabilities</b>		
Customers Advances	72 97 000	1 27 66 100
Sundry Creditors	6 40 38 183	6 12 19 193
Other Liabilities	2 01 87 364	1 58 76 527
Unclaimed Dividend	5 99 323	4 89 361
	<u>9 21 21 870</u>	<u>9 03 50 171</u>
Note :		
1 (a) Additional disclosures in respect of Micro and Small Enterprises	Nil	Nil
(b) Status of Creditors as Micro/Small Enterprise is determined on the basis of information received by the company.		
2. There is no amount due and outstanding to be credited to Investor Education and Protection Fund		
<b>B. Provisions</b>		
Proposed dividend	-	36 70 536
	<u>-</u>	<u>36 70 536</u>

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010**

<b>SCHEDULE 11</b>		
<b>OTHER INCOME</b>		
Interest Received (Gross)*	85 964	2 18 355
Dividend - Non Trade Investments	8 49 607	4 34 545
Rent	15 060	15 060
Profit on Sale of Assets	-	1 29 999
Miscellaneous receipts	18 74 406	18 96 569
	<u>28 25 037</u>	<u>26 94 528</u>
*Tax Deducted at Source	17 193	46 595

# HIGH ENERGY

BATTERIES (INDIA) LIMITED

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010 (Continued)		
	31-03-2010	31-03-2009
	Rs.	Rs.
<b>SCHEDULE 12</b>		
<b>INCREASE / (DECREASE) IN STOCK</b>		
<b>Opening Stock of :</b>		
Work - in - Progress	76 14 950	1 49 21 147
Finished Goods	-	30 49 827
	<u>76 14 950</u>	<u>1 79 70 974</u>
<b>Closing stock of :</b>		
Work - in - Progress	1 11 36 036	76 14 950
Finished Goods	16 98 749	-
	<u>1 28 34 785</u>	<u>76 14 950</u>
Increase / (Decrease) in Stock	52 19 835	(1 03 56 024)
<b>SCHEDULE 13</b>		
<b>EMPLOYEE COST</b>		
Salaries, Wages and Bonus	3 09 45 073	2 95 67 019
<b>Contribution to:</b>		
Employees Provident Fund including administrative charges	17 21 366	15 31 147
Gratuity Life Assurance Scheme	19 88 000	15 32 000
Superannuation Scheme	5 42 501	4 15 107
Employee State Insurance	-	5 298
Welfare Expenses	47 04 944	45 14 056
<b>Total</b>	<u>3 99 01 884</u>	<u>3 75 64 621</u>
<b>SCHEDULE 14</b>		
<b>REPAIRS AND MAINTENANCE</b>		
Buildings	15 68 132	21 91 791
Machinery	6 66 797	7 35 643
Others	22 04 676	18 54 158
	<u>44 39 605</u>	<u>47 81 592</u>

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010 (Continued)**

	31-03-2010	31-03-2009
	Rs.	Rs.
<b>SCHEDULE 15</b>		
<b>INTEREST CHARGES</b>		
Interest on		
Term Loan	93 71 016	2 587
Others	2 10 40 920	1 48 13 417
	<u>3 04 11 936</u>	<u>1 48 15 804</u>
<b>SCHEDULE 16</b>		
<b>OTHER EXPENSES</b>		
Finance Charges	34 16 752	42 57 008
Rent	13 08 053	10 45 081
Rates and Taxes	9 50 697	3 84 745
Insurance	12 25 722	10 42 198
Postage, Telegram & Telephones	14 50 421	15 05 877
Travelling and Conveyance	1 14 88 926	1 29 44 521
Directors' Sitting Fees	1 20 000	1 71 000
Auditors' Remuneration :		
For audit	1 93 025	1 93 025
Tax Audit	44 120	22 060
Other Services	1 49 635	75 843
Expenses	17 004	19 897
Professional and Legal Charges	28 59 301	23 75 091
Exchange Difference (Net)	2 14 430	32 24 392
General Expenses	82 09 764	78 28 570
Loss on Sale of Asset	46 938	-
<b>Total</b>	<u>3 16 94 788</u>	<u>3 50 89 308</u>

**NOTES ON ACCOUNTS**

**SCHEDULE 17**

Notes forming part of the Balance Sheet as at 31<sup>st</sup> March 2010 and the Profit and Loss Account for the year ended 31<sup>st</sup> March 2010.

**1. SIGNIFICANT ACCOUNTING POLICIES**

**a) Accounting Concepts**

The accounts are prepared under historical cost convention and in accordance with generally accepted accounting principles and complying with the applicable Accounting Standards.

**b) Revenue Recognition**

Revenue is recognised and expenditure is accounted for on their accrual.

Excise duty recovery from customer is deducted from Turnover (Gross).

Revenue from domestic sale is recognized on delivery to the carrier, when risk and rewards of ownership pass on to the customer.

Revenue from Export sales is recognized when risk and rewards are passed on to the customer in accordance with the terms of the contract.

Dividend income is recognized when the right to receive payment is established.

Other items of income are recognized when there is no significant uncertainty as to measurability or collectability.

**c) Use of Estimates**

Estimates and assumptions made by management in the preparation of Financial Statements have a bearing on reported amounts of Financial Results, Assets & Liabilities and the disclosure of Contingent Liabilities. Actual results could differ from those estimates. Any revision to accounting estimate is recognized prospectively.

**d) Fixed Assets**

Fixed Assets are stated at cost less depreciation. Cost includes, taxes and duties (but does not include taxes and duties for which CENVAT / VAT credit is available), freight and other direct or allocated expenses and interest and finance charges on related borrowings during construction period.

Any income earned during construction period is netted against cost of the Project.

**e) Depreciation**

The assets, with the exception of plant and machinery, are depreciated on written down value basis. Plant and Machinery are depreciated on straight-line method. Depreciation is provided in accordance with Schedule XIV of the Companies Act 1956.

**f) Inventories**

Inventories are stated at lower of cost and net realisable value. Cost includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition net off CENVAT/VAT credit entitlement. The cost is arrived on weighted average basis. Tools cost is written off over a period of three years.



## SCHEDULE 17 (Continued)

### **g) Investment**

Long term investments are stated at cost. Any diminution in the value of Long term investments is charged to Profit and Loss Account, if such a decline is other than temporary in the opinion of the Management.

### **h) Research and Development Expenditure**

Expenditure incurred on Scientific Research, other than Capital Expenditure, are written off to revenue in the year when they are incurred. Capital Expenditure is added to the Cost of Fixed Assets and depreciated accordingly.

### **i) Employee Benefits**

Short term Employee benefits are charged at the undiscounted amount to Profit and Loss account in the year in which related service is rendered.

Contributions to defined contribution schemes towards retirement benefits in the form of provident fund and super annuation fund for the year are charged to profit and loss account as incurred.

Liabilities in respect of defined benefit plans are determined based on actuarial valuation made by an independent actuary using Projected Unit Credit Method as at the balance sheet date. Actuarial gains or losses are recognized immediately in the profit and loss account. Obligation for leave encashment is recognized in the same manner.

Terminal benefits are recognized as an expense as and when incurred.

### **j) Provision, Contingent Liabilities and Contingent Assets**

Provisions are recognised when there is a present obligation as a result of a past event it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Contingent Liabilities are disclosed, unless the possibility of any outflow in settlement is remote, in the notes on Accounts. Contingent Assets are neither recognised nor disclosed.

### **k) Taxes on Income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961. Deferred Tax is recognised, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses.

### **l) Foreign Exchange Transactions**

Transactions in foreign exchange are initially recognised at the rates prevailing on the dates of transactions.



**SCHEDULE 17 (Continued)**

Premium or discount arising at the inception of forward contract is amortised as income or expense over the life of the contract. Exchange difference on such contract is recognized in the reporting period in which exchange rates change.

Foreign Currency Liabilities/ Assets at the close of the year are restated, adopting the contracted/year-end rates, as applicable. Resultant exchange difference is recognized as income or expense in that period.

**m) Insurance Claims**

Insurance claims are accounted on the basis of claims lodged and accepted.

**n) Borrowing Costs**

Borrowing Costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred:

**o) Impairment of Assets**

Impairment loss, if any, is provided to the extent the carrying amount of assets exceeds their recoverable amount.

**p) Earnings per share**

Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**q) Segment Reporting**

The accounting policies adopted for segment reporting are in line with the accounting policy of the company.

Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under "unallocable".

There are no inter segment revenue and therefore their basis of measurement does not arise.

2. Figures have been rounded off to the nearest Rupee and the figures for the previous year have been regrouped and reclassified wherever necessary.
3. The New facility to manufacture Lead Acid Batteries (LAB) has started commercial production on July 09, 2009. Pre-operative and Trial Production expenses incurred till commencement of commercial production aggregating to Rs 355.63 lakhs have been allocated to Fixed Assets.



**SCHEDULE 17 (Continued)**

4. Transfer to Deferred Tax is mainly on account of difference in charging depreciation prescribed under the Companies Act 1956, and allowable under the Income Tax Act, 1961.

Deferred Tax Liability (Net) as at 31.03.2010 comprises of:

	31.03.2010	31.03.2009
	<i>(Rs in Lakhs)</i>	
Deferred Tax Liability (Related to Depreciation)	332.48	261.82
<b>Less : Deferred Tax Asset</b>		
- 43B disallowance	2.79	5.16
- Unabsorbed Losses and allowance under the Income Tax Act 1961	223.74	56.74
	<u>105.95</u>	<u>199.92</u>

5. **Operating Lease Commitments**

The future minimum lease payments under non-cancellable operating lease in case of each of the following:

	31.03.2010	31.03.2009
	<i>(Rs in Lakhs)</i>	
(i) Not Later than one year	4.44	Nil
(ii) Later than one year and not later than five years	Nil	Nil
(iii) Later than five years	Nil	Nil

6. **Contingent Liabilities not provided for :**

- a. Counter guarantees and commitments on Letters of Credit Rs. 1077.02 lakhs.  
(Previous year Rs. 566.38 lakhs)
- b. Claims against the Company not acknowledged as debts Rs.28 lakhs  
(Previous year Rs. 28 lakhs).
- c. Bills discounted with Banks : Rs 331.06 lakhs (Previous year Nil)
- d. Bond Executed in favour of Commissioner of Customs towards Project Imports  
Rs. 695.29 lakhs (Previous year Rs. 605.29 lakhs)

7. Estimated amount of contracts remaining to be executed on Capital accounts: Rs 0.83 lakhs.  
(Previous year – Rs 141.47 lakhs)

8. Selling expenses include Rs. 29.22 lakhs towards commission on sales (Previous year  
Rs. 8.79 lakhs)

**SCHEDULE 17 (Continued)**

9. Expenditure on Scientific Research includes salaries and allowances Rs. 50.08 lakhs (Previous year Rs. 58.71 lakhs) and materials Rs. 8.98 Lakhs (Previous year Rs. 8.74 lakhs)

10. In terms of development contract with a customer, assets and development expenditure of the value of Rs.191 lakhs has been incurred and equivalent amount received from the customer is netted against the same. The company is holding these assets as a bailee in terms of the development contract.

11. Movement in estimated Liability towards Warranty as per Accounting Standard 29 (AS 29)

	31.03.2010	31.03.2009
	<i>(Rs in Lakhs)</i>	
Provision at the beginning of the year	17.00	28.00
Withdrawal during the year	(-) 10.00	(-) 14.00
Addition during the year	(+) 10.00	(+) 3.00
Used during the year	-	-
	17.00	17.00

12. Related Party disclosures, as required by Accounting Standard 18 (AS 18)

(i) Name of the transacting Related Party:

- Sri S Sridharan, Managing Director
- Seshasayee Paper and Boards Limited (SPB)
- Ponni Sugars (Erode) Limited (PEL)
- SPB Projects and Consultancy Limited (SPB-PC)

(ii) A description of the relationship between the parties:

Presumption of Significant influence.

(iii) A description of the nature of the transactions and volume of the transaction, either as an amount or as an appropriate proportion:

**S Sridharan**

- Sri S Sridharan is the Managing Director and was in receipt of remuneration as disclosed in Note No.15 (a).



**SCHEDULE 17 (Continued)**

S.No.	Name of the Party	Description of transactions and amount during the year			Amount Outstanding as on 31.03.2010
		Nature of Transaction	Rs In lakhs		
			31.03.10	31.03.09	
1	Seshasayee Paper and Boards Ltd	Interest Paid Dividend Paid Expenses Reimbursement Purchase of Paper Dividend Received Subscription received towards Rights Issue of Shares	6.90 2.90 1.30 0.33 0.36 200.00	12.00 2.07 1.82 0.21 0.41 -	<b>Assets :</b> Investments in : 0.10 lakhs Equity Shares (0.09%) <b>Liabilities :</b> 2.83 lakhs Equity Shares (15.78%) ICD of Rs. 50 lakhs Payables : Nil
2	Ponni Sugars (Erode) Ltd	Dividend Received Subscription received towards Rights Issue of Shares	7.01 100.00	1.68 -	<b>Assets :</b> Investments in : 2.80 lakhs Equity Shares (3.42%) <b>Liabilities :</b> 1.00 lakh Equity Shares (5.58%)
3	SPB Projects and Consultancy Ltd	For providing facility Dividend Received Expenses Reimbursement Interest Paid	7.28 1.12 1.57 0.90	7.40 2.25 0.42 6.00	<b>Assets :</b> Investments in : 0.05 lakhs Equity Shares (19.98%) Facility Advance of Rs. 6.60 lakhs <b>Liabilities :</b> Payables : Rs 5.19 lakhs

13. The disclosures as required under Accounting Standard AS-17 "Segment Reporting" issued by the Institute of Chartered Accountants of India is as under:

- The company has considered business segment as the primary segments for disclosure. The business segments are Aerospace, Naval and Power System Batteries and Lead Acid Batteries. The above reportable segments have been identified based on the organisation structure as well as differing risks and returns associated with the segments.
- Segmental expenses and revenue wherever could not be identified to a particular segment has been treated as Unallocated expenses and revenue.
- Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "unallocable"

**SCHEDULE 17 (Continued)**

S.No.	Particulars	For the Year Ended 31st March 2010 (Rs. in Lakhs)
<b>A)</b>	<b>Primary Segments</b>	
<b>1</b>	<b>Segment Revenue</b>	
	a) Aerospace, Naval and Power System Batteries	2729.17
	b) Lead Acid Storage Batteries	43.12
	<b>Net Sales / Income from Operations</b>	<b>2772.29</b>
<b>2</b>	<b>Segment Results (Loss before tax)</b>	
	a) Aerospace, Naval and Power System Batteries	251.05
	b) Lead Acid Storage Batteries	(208.51)
	Less : Other unallocable expenditure net of unallocable income	316.95
	<b>Loss Before Tax</b>	<b>(274.41)</b>
<b>3</b>	<b>Capital Employed</b>	
	a) Aerospace, Naval and Power System Batteries	2430.81
	b) Lead Acid Storage Batteries	2097.30
	c) Unallocable (Net)	1.92
	<b>Total</b>	<b>4470.03</b>
<b>B)</b>	<b>Secondary Segments (Geographical)</b>	
	<b>Segment Revenue</b>	
	a) Export sales*	959.25
	b) Domestic sales	1813.04
	<b>Total</b>	<b>2772.29</b>

\* Includes price difference relating to previous year sanctioned during the current year Rs 185.12 lakhs (Previous year Nil)

\*\* Since the Lead Acid Battery division commenced commercial production only in the current year segment-wise information relating to previous year not furnished.

**14. Employee Benefits**

i) **Defined Contribution Plans**

Contribution of Rs. 19.88 lakhs (including transitional liability of Rs 3.61 lakhs) to defined contribution plans is recognized as expense and included in Employee cost (Schedule 13) in the profit and loss account.

ii) **Defined Benefit Plans**

Disclosure for defined plans based on actuarial valuation as on 31.03.2010



**SCHEDULE 17 (Continued)**

General Description	Post Employment Benefit			Long Term Compensated absence		
	Gratuity - Funded Plan - Non Contributory			Leave Encashment - Unfunded - Non Contributory		
	31.03.10	31.03.09	31.03.08	31.03.10	31.03.09	31.03.08
	Rs. in lakhs			Rs. in lakhs		
(i) <b>Change in Defined Benefit obligation</b>						
Present Value - Opening Balance	90.44	81.96	80.75	16.20	15.01	14.38
Current Service Cost	5.07	4.52	3.87	3.57	3.46	2.81
Interest Cost	6.27	6.16	6.26	1.12	0.95	0.97
Actuarial Loss / (Gain)	12.57	7.75	(3.85)	0.45	5.16	1.26
Benefits paid	(13.56)	(9.95)	(5.07)	(6.54)	(6.38)	(4.41)
Present Value - Closing Balance	100.79	90.44	81.96	16.80	18.20	15.01
(ii) <b>Change in Defined Benefit obligation</b>						
Opening Balance	88.40	74.08	62.72	-	-	-
Expected return on plan assets	8.04	7.01	6.06	-	-	-
Actuarial gain/(loss)	(0.40)	(0.29)	(0.30)	-	-	4.41
Contributions	10.63	17.55	10.67	6.54	6.38	-
Benefits paid	(13.56)	(9.95)	(5.07)	(6.54)	(6.38)	(4.41)
Closing Balance	93.11	88.40	74.08	-	-	-
Actual return	7.64	6.72	5.76	-	-	4.41
(iii) <b>Amount Recognised in the Balance Sheet</b> (as at year end)						
Present value of the obligation	100.79	90.44	81.96	16.80	18.20	15.01
Fair value of plan assets	93.11	88.40	74.08	-	-	-
Net (asset) / liability recognised	7.68	2.04	7.88	16.80	18.20	15.01
(iv) <b>Expenses recognized in the profit and loss account</b>						
Current service cost	5.07	4.52	3.87	3.57	3.46	2.81
Interest Cost	6.27	6.16	6.26	1.12	0.95	0.97
Expected return on plan assets	(8.04)	(7.01)	(6.06)	-	-	-
Net actuarial (gain)/loss	12.97	8.04	(3.55)	0.45	5.16	(3.15)
Total included in 'Employee Cost' (Sch 13)	16.27	11.71	0.52	5.14	9.57	0.63
(v) <b>Asset Information</b>	Insurance Policy 100%			-		
(vi) <b>Principal actuarial assumptions</b> Mortality	LIC (1994-96) Ultimate table			LIC (1994-96) Ultimate table		

General Description	Post Employment Benefit			Long Term Compensated absence		
	Gratuity - Funded Plan - Non Contributory			Leave Encashment - Unfunded - Non Contributory		
	31.03.10	31.03.09	31.03.08	31.03.10	31.03.09	31.03.08
(vi) Discount Rate (%)	8.00	7.50	8.00	8.00	7.50	8.00
Future Salary Increase (%)	5.00	3.00	4.00	5.00	3.00	4.00
Rate of return of plan assets (%)	9.25	9.25	9.25	-	-	-
Expected Average remaining working lives of employees (Years)	10.00	10.00	10.00	10.00	10.00	10.00
(vii) Expected Contribution (Rs. in lakhs)	10.00	10.00	10.00	-	-	-
(viii) The estimate of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as, supply and demand in the employment market.						

\* Transitional liability to be recognized in future in respect Gratuity of Rs 7.20 lakhs and Long term compensated absence of Rs 2.22 lakhs.

15. Information required by Paragraphs 4, 4A, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

**a. Director's Remuneration**  
(included in Schedule 13)

	Managing Director 31-03-2010	Managing Director 31-03-2009
	Rs.	Rs.
Salary	9 00 000	9 00 000
Special Allowance	3 60 000	3 60 000
Contribution to :		
Provident Fund	86 400	86 400
Super Annuation Scheme	1 08 000	1 08 000
Gratuity	--	--
Personal Accident Insurance Premium	4 766	4 854
Medical Reimbursement	--	--
Leave Encashment	--	--
	<u>14 59 166</u>	<u>14 59 254</u>

Remuneration excludes provision for liabilities in respect of Gratuity and Leave Encashment that are based on actuarial valuation on overall company basis.



**SCHEDULE 17 (Continued)**

**b. Computation of Net Profit in accordance with Sections 198, 309 & 349 of the Companies Act, 1956**

	31-03-2010		31-03-2009	
	Rs.	Rs.	Rs.	Rs.
Profit (Loss) before taxation as per Profit and Loss A/c		(2 74 40 506)		1 58 96 049
Add / Less :				
Directors' Sitting Fees	1 20 000		1 71 000	
Director's Remuneration :				
Salaries & Perquisites	14 59 166		14 59 254	
Commission on Profit	--		--	
Loss on Sale of Asset	46 938	16 26 104	--	16 30 254
		(2 58 14 402)		1 75 26 303
Less: Profit on Sale of Asset		--		1 29 999
Net Profit / (Loss)		(2 58 14 402)		1 73 96 304
5% of Net Profit		--		8 69 815
Due to inadequacy of profits no commission is payable				

**c. Capacities and Production**

		31-03-2010		31-03-2009	
Unit		*Installed Capacity	Actual Production	*Installed Capacity	Actual Production
Silver Zinc Batteries	Ampere Hours	24 00 000	7 22 739	24 00 000	9 17 085
Nickel Cadmium Cells	Ampere Hours	3 00 000	3 28 080	3 00 000	1 40 426
Lead Acid Batteries	Numbers	2 00 000	3 252	--	--

\* As certified by the Management

**d. Turnover (Including Excise Duty and Sales Tax) and excluding Trial Production Sales**

	31-03-2010		31-03-2009	
	Nos.	Rs.	Nos.	Rs.
Silver Zinc High Energy Batteries	571	17 40 35 933	968	18 95 93 519
Other Silver Zinc Batteries and Cells	--	5 15 48 637		2 39 09 473
Fuel Cells	--	--	18	1 12 16 250
Cuprous Chloride Batteries	2	1 99 62 750	1	1 06 21 000
Nickel Cadmium Cells	7 712	4 54 41 815	4 390	1 48 39 329
VRLA Batteries	169	3 47 445	636	17 83 920
Lead Acid Batteries **	1 491	37 27 761	--	--
		29 50 64 341		25 19 63 491

\* Includes price difference relating to previous year sanctioned during the current year Rs 1, 85, 12, 866/- (Previous year Nil)

\*\* Excludes Free / test and evaluation samples



**SCHEDULE 17 (Continued)**

**e. Opening and Closing Stock of Finished Goods**

	31-03-2010		31-03-2009	
	Opening Stock Nos.	Closing Stock Nos.	Opening Stock Nos.	Closing Stock Nos.
Silver Zinc Batteries	Nil	Nil	01	Nil
Nickel Cadmium Cells / Batteries	Nil	Nil	Nil	Nil
Lead Acid Batteries	Nil	1644	Nil	Nil

**f. Raw Materials & Component parts consumed**

	31-03-2010		31-03-2009	
	Rs.		Rs.	
Silver (Kgs.)	1 918	4 51 11 610	1 731	3 46 65 502
Silver Chloride Sheet (Nos.)	6 854	3 26 41 718	4 985	2 47 37 730
Copper (Kgs.)	2 675	14 22 501	6 073	27 89 113
Lead (Kgs.)	40 311	42 76 394	-	--
Others	-	2 27 63 669	-	23 45 197
Components of various descriptions	-	5 19 03 888	-	2 91 95 186
		<u>15 81 19 780</u>		<u>9 37 52 728</u>

**g. Value of Imports on CIF Basis**

	31-03-2010		31-03-2009	
	Rs.		Rs.	
Raw materials and Components	5 54 51 747		7 14 81 947	
Stores and Spares	12 13 397		16 61 031	
Capital Goods	1 25 12 203		6 81 96 729	
	<u>6 91 77 347</u>		<u>14 13 39 707</u>	

**h. Expenditure in Foreign Currency during the year**

	31-03-2010		31-03-2009	
	Rs.		Rs.	
Foreign Travel Expenditure	18 08 431		26 02 507	
Others	20 11 115		1 35 093	
	<u>38 19 546</u>		<u>27 37 600</u>	

**i. Amounts Remitted in Foreign Currencies**

	31-03-2010		31-03-2009	
	Rs.		Rs.	
Dividend	1 40 000		1 00 000	
No. of Non-Resident Shareholders		1		1
No. of Shares held		40 000		40 000

**SCHEDULE 17 (Continued)**

<b>j. Earnings in Foreign Currency during the year</b>	<b>31-03-2010</b>	<b>31-03-2009</b>
	<b>Rs.</b>	<b>Rs.</b>
Export of Goods on F.O.B basis	<u>7 74 12 627</u>	<u>15 92 25 965</u>
	<u>7 74 12 627</u>	<u>15 92 25 965</u>

**k. Value of Imports / Indigenous Raw Materials / Components / Stores and spares consumed (Excluding Trial Production Consumption)**

	31-03-2010		31-03-2009	
	Value	%	Value	%
	Rs.		Rs.	
<b>Raw materials and Components :</b>				
Imported - Landed Cost	<u>6 07 58 647</u>	<u>38.00</u>	<u>4 93 44 303</u>	<u>53.00</u>
Indigenous	<u>9 73 61 133</u>	<u>62.00</u>	<u>4 44 08 425</u>	<u>47.00</u>
	<u>15 81 19 780</u>	<u>100.00</u>	<u>9 37 52 728</u>	<u>100.00</u>
<b>Stores, Spares and Tools :</b>				
Imported - Landed Cost	<u>14 88 863</u>	<u>26.00</u>	<u>8 82 045</u>	<u>15.00</u>
Indigenous	<u>42 60 639</u>	<u>74.00</u>	<u>50 94 141</u>	<u>85.00</u>
	<u>57 49 502</u>	<u>100.00</u>	<u>59 76 186</u>	<u>100.00</u>

**l. Basis for Calculation of Basic and Diluted Earnings per Share**

		2009-2010	2008-2009
Net Profit/(Loss) as per Profit and Loss Account	Rs	(1 80 79 338)	97 24 490
Weighted Average Number of Equity Share	Nos	16 29 945	10 30 842
Face Value	Rs	10	10
Basic and Diluted Earnings per share including effects of Rights Issue	Rs	(11.09)	9.43

**ADDITIONAL INFORMATION AS PER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I Registration details**

Registration No. 04606 State Code 18

Balance Sheet date 31 03 2010  
Date Month Year

**II Capital raised during the year (amount in Rs Thousands)**

<p>Public Issue</p> <div style="border: 1px solid black; padding: 2px; text-align: center; width: 100%;">N I L</div>	<p>Rights Issue</p> <div style="border: 1px solid black; padding: 2px; text-align: center; width: 100%;">8 9 6 4</div>
--	--

**III Position of mobilisation and deployment of funds (amount in Rs Thousands)**

<p>Total Liabilities</p> <div style="border: 1px solid black; padding: 2px; text-align: center; width: 100%;">4 5 7 5 9 7</div>	<p>Total Assets</p> <div style="border: 1px solid black; padding: 2px; text-align: center; width: 100%;">4 5 7 5 9 7</div>
---	--

**Sources of funds :**

<p>Paid up Capital</p> <div style="border: 1px solid black; padding: 2px; text-align: center; width: 100%;">1 7 9 2 8</div>	<p>Reserves and Surplus</p> <div style="border: 1px solid black; padding: 2px; text-align: center; width: 100%;">1 6 4 5 4 6</div>
<p>Deferred Tax</p> <div style="border: 1px solid black; padding: 2px; text-align: center; width: 100%;">1 0 5 9 4</div>	<p>Secured Loans</p> <div style="border: 1px solid black; padding: 2px; text-align: center; width: 100%;">2 5 9 5 2 9</div>
<p>Unsecured Loan</p> <div style="border: 1px solid black; padding: 2px; text-align: center; width: 100%;">5 0 0 0</div>	

**Application of Funds :**

<p>Net Fixed Assets</p> <div style="border: 1px solid black; padding: 2px; text-align: center; width: 100%;">2 3 8 4 0 7</div>	<p>CWIP</p> <div style="border: 1px solid black; padding: 2px; text-align: center; width: 100%;">N I L</div>
<p>Investments</p> <div style="border: 1px solid black; padding: 2px; text-align: center; width: 100%;">6 0 3 3</div>	<p>Net Current Assets</p> <div style="border: 1px solid black; padding: 2px; text-align: center; width: 100%;">2 1 3 1 5 7</div>
<p>Misc. Expenditure</p> <div style="border: 1px solid black; padding: 2px; text-align: center; width: 100%;">N I L</div>	<p>Accumulated Losses</p> <div style="border: 1px solid black; padding: 2px; text-align: center; width: 100%;">N I L</div>



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (Continued)**

**IV Performance of Company (Amount in Rs Thousands)**

Turnover  

2	7	4	4	0	4
---	---	---	---	---	---

  
+ - Profit/Loss Before Tax  

-	2	7	4	4	1
---	---	---	---	---	---

  
Earnings Per Share in Rs.  

(-)	1	1
-----	---	---

Total Expenditure  

3	0	9	8	8	9
---	---	---	---	---	---

  
+ - Profit/Loss After Tax  

-	1	8	0	7	9
---	---	---	---	---	---

  
Dividend rate %  

N	I	L
---	---	---

**V Generic names of three principal products/services of Company**

Item Code No. (ITC code)

Product description

Item Code No. (ITC code)

Product description

Item Code No. (ITC code)

Product description

Item Code No. (ITC code)

Product description

\*Note :

For ITC Code of products please refer to the publication Indian Trade Classification based on harmonized commodity description and coding system by the Ministry of Commerce, Directorate General of Commercial Intelligence and Statistics, Kolkata 700 001.

S. SRIDHARAN  
Managing Director

N. GOPALARATNAM  
D. VIJAYALAKSHMI

A. L. SOMAYAJI  
CMDE R. P. PREM KUMAR, VSM (Retd.)

Directors

Vide our Report of even date attached

For M/s. R. SUBRAMANIAN AND COMPANY

Chartered Accountants

Firm Registration No. 0041375

S.V. RAJU  
Secretary

Chennai  
May 29, 2010

A. GANESAN

Partner

Membership No.21438

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010  
PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT**

Description	FOR THE YEAR ENDED 31-03-2010 Rs. Lakhs	FOR THE YEAR ENDED 31-03-2009 Rs. Lakhs
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax and exceptional items	(274.41)	158.96
Adjustments for :		
Depreciation	139.95	57.59
Interest (Net)	303.26	145.97
(Profit)/Loss on Sale of Assets	0.47	(1.30)
Dividend from Non Trade Investments	(8.50)	(4.35)
	<u>435.18</u>	<u>197.91</u>
Operating Profit before Working Capital Changes	160.77	356.87
Adjustments for :		
Trade and other Receivables	74.49	(408.76)
Inventories	169.79	(721.52)
Trade and other Payables	3.41	162.82
	<u>247.69</u>	<u>(967.46)</u>
Cash generated from Operation	408.46	610.59
Income tax / Fringe Benefit tax paid	(11.63)	(31.64)
Net cash used in operating activities	(396.83)	642.23
<b>B. Cash Flow from Investing Activities</b>		
Purchase of fixed Assets	(466.28)	(1264.04)
Dividend from Non Trade Investments	8.50	4.35
Interest Received	0.86	2.18
Sale of Fixed Assets	0.14	1.30
Net Cash used in Investing Activities	(456.78)	(1256.21)
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Rights issue of Share Capital	872.99	-
Proceeds from Long Term Borrowings	168.97	1511.80
Repayment of Long Term Borrowings	-	(3.13)
Repayment of Short Term Borrowings	(936.54)	(40.00)
Working Capital Loan	340.68	603.72
Interest Paid	(304.12)	(148.16)
Dividend and Dividend Tax Paid	(36.71)	(26.22)
Net Cash used in/ from Financing Activities	105.27	1898.01
Net Increase / (Decrease) in Cash and Cash Equivalents	(45.32)	(0.43)
Cash and Cash Equivalents at the beginning	5.91	6.33
Cash and Cash Equivalents at the end	51.23	5.90



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010  
PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT (Continued)**

**NOTES :**

1. Interest is exclusive of and purchase of Fixed Assets is inclusive of interest capitalised Rs. 52.39 lakhs (Previous year Rs 112.37 lakhs)
2. Figures in bracket represents outflow.
3. Previous year figures have been regrouped wherever necessary

	31-03-2010	31-03-2009
	<i>(Rs. in lakhs)</i>	
4. Unutilised available		
Working Capital Advances	19.16	9.84

(By order of the Board)

**S. SRIDHARAN**  
Managing Director

Chennai  
May 29, 2010

**AUDITORS' CERTIFICATE**

We have examined the above Cash Flow Statement of High Energy Batteries (India) Limited , for the year ended 31<sup>st</sup> March 2010. The Statement has been prepared by the Company in accordance with the requirements of Listing Agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company, covered by our Report of May 29, 2010 to the Members of the Company.

Vide our Report of even date attached  
For **M/s. R. SUBRAMANIAN AND COMPANY,**  
Chartered Accountants  
Firm Registration No. 0041378

**A. GANESAN**  
Partner  
Membership No. 21438

Chennai  
May 29, 2010